

**FIRE PROTECTION DISTRICT NO. 7
OF THE PARISH OF LAFOURCHE**

**COMPONENT UNIT OF THE
LAFOURCHE PARISH GOVERNMENT**

Thibodaux, Louisiana

Financial Statements

As of and for the Year Ended December 31, 2011

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **MAR 07 2012**



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**FIRE PROTECTION DISTRICT NO. 7
OF THE PARISH OF LAFOURCHE, STATE OF LOUISIANA
Component Unit of the Lafourche Parish Government
Thibodaux, Louisiana**

**Financial Statements
As of and for the Year Ended December 31, 2011**

C O N T E N T S

	Statement	Page No.
Independent Accountant's Compilation Report on the Financial Statements		2
Financial Statements:		
Balance Sheet / Statement of Net Assets	A	3
Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balances / Statement of Activities	B	4
Notes to the Financial Statements		5
Required Supplemental Information:	Exhibit	
Budgetary Comparison Schedule – General Fund – GAAP Basis	1	14



Independent Accountant's Compilation Report

**Board of Commissioners
Fire Protection District #7 of the Parish of Lafourche
Component Unit of the Lafourche Parish Government
Thibodaux, Louisiana**

We have compiled the accompanying financial statements of the governmental activities, component units, and the major fund information of the Fire Protection District No. 7 of the Parish of Lafourche, a component unit of the Lafourche Parish Government, as of and for the year then ended December 31, 2011, which collectively comprise the Fire District's basic financial statements as listed in the table of contents. We have not audited or reviewed the accompanying financial statements, and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

The management of the Fire District is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist the management of the Fire District, in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

The budgetary comparison information, on page 14, is presented for purposes of additional analysis. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. The supplementary information has been compiled from information that is the representation of management. We have not audited or reviewed the supplementary information and accordingly, we do not express an opinion or provide any assurance on such supplementary information.

Management has omitted the management's discussion and analysis information that is required to be presented for purposes of additional analysis. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

A handwritten signature in dark ink, appearing to read "T.S. Kearns".

February 7, 2012

FINANCIAL STATEMENTS

**FIRE DISTRICT NO. 7 OF LAFOURCHE PARISH
LAFOURCHE PARISH**

Balance Sheet / Statement of Net Assets

December 31, 2011

	<u>Balance Sheet</u>		<u>Statement of</u>
	<u>Governmental</u>		<u>Net Assets</u>
	<u>Fund - General</u>	<u>Adjustments -</u>	<u>Governmental</u>
	<u>Fund</u>	<u>Note 1</u>	<u>Activities</u>
ASSETS			
Cash	\$ 67,448	-	\$ 67,448
Capital Assets, Net of Accumulated Depreciation (Note 4)	-	\$ 230,234	230,234
Total assets	<u>\$ 67,448</u>	<u>\$ 230,234</u>	<u>\$ 297,682</u>
LIABILITIES & EQUITY			
Liabilities:			
Accrued Interest Payable	-	\$ 2,357	\$ 2,357
Long term liabilities due < 1 year	-	23,012	23,012
Long term liabilities due > 1 year	-	55,667	55,667
Total liabilities	<u>-</u>	<u>\$ 81,036</u>	<u>\$ 81,036</u>
Fund balance / Net assets:			
Invested in capital assets, net of debt	-	\$ 151,555	\$ 151,555
Fund Balance / Net assets - unassigned / unrestricted	\$ 67,448	(2,357)	65,091
Total Fund balance / Net assets	<u>\$ 67,448</u>	<u>\$ 149,198</u>	<u>\$ 216,646</u>
Total liabilities & equity	<u>\$ 67,448</u>	<u>\$ 230,234</u>	<u>\$ 297,682</u>

See accompanying notes and accountant's report.

**FIRE DISTRICT NO. 7 OF LAFOURCHE PARISH
LAFOURCHE PARISH COUNCIL**

**Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balances /
Statement of Activities**

For the Year ended December 31, 2011

	Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance		Statement of Activities
	Governmental Fund - General Fund	Adjustments - See Note 1	Governmental Activities
Expenditures / Expenses:			
Accounting fees	\$ 895		\$ 895
Conventions & meetings	2,966		2,966
Depreciation	-	\$ 54,286	54,286
Fire fighting equipment & supplies	5,602		5,602
Fuel	988		988
Insurance	15,052		15,052
Interest Expense	-	4,286	4,286
Miscellaneous	-		-
Office expenses	776		776
Permits	119		119
Repairs & maintenance	14,117		14,117
Supplies	-		-
Utilities	7,814		7,814
Yard Work	1,050		1,050
Capital outlay	7,074	(7,074)	-
Debt service	26,871	(26,871)	-
Loss on disposal of asset	-	-	-
Total Expenditures / Expenses	\$ 83,322	\$ 24,627	\$ 107,950
General Revenues:			
Ad valorem taxes	\$ 85,312		\$ 85,312
Grants	14,000		14,000
Fire insurance rebate	6,306		6,306
Miscellaneous income	40		40
Donation of equipment received	-	6,700	6,700
Total General Revenues	\$ 105,659	6,700.00	\$ 112,359
Excess (Deficiency) of Revenues Over Expenditures	\$ 22,336	\$ (17,927)	\$ 4,409
Fund Balance / Net Assets:			
Beginning of the Year	\$ 45,112		\$ 212,237
End of the Year	<u>\$ 67,448</u>	<u>\$ (17,927)</u>	<u>\$ 216,646</u>

See accompanying notes and accountant's report.

FIRE PROTECTION DISTRICT NO. 7 OF THE PARISH OF LAFOURCHE
Component Unit of the Lafourche Parish Government
Thibodaux, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 2011

INTRODUCTION

The Fire Protection District No. 7 (the District) of the Parish of Lafourche, State of Louisiana was created by the Lafourche Parish Council, by virtue of the authority conferred by Part I, Chapter 7, Title 40 of the Louisiana Revised Statute of 1950. A five-member board of commissioners, appointed by the Lafourche Parish Council, governs the district. The district's finances are primarily ad valorem taxes on property located within the district's boundaries.

The district comprises and embraces all of the territory contained within Police Jury Ward 5 less and except the area of said Police Jury Ward contained within the City of Thibodaux, Louisiana. The following territory is not included within the boundaries of the District: that part of Police Jury Ward 5, Lafourche Parish, outside the corporate limits of the City of Thibodaux, Louisiana, which lies west of Louisiana Highway 20.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

A. Reporting entity

As the governing authority of the parish, the Lafourche Parish Council is the financial reporting entity for Lafourche Parish. The financial reporting entity consists of (a) the primary government (parish council), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Because the parish council appoints the governing board and because of the potential for the organization to impose specific financial burdens on the council, the district was determined to be a component unit of the Lafourche Parish Council, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the district and do not present information on the parish council, the general government services provided by that governmental unit, or the other governmental units that comprise the governmental reporting entity.

FIRE PROTECTION DISTRICT NO. 7 OF THE PARISH OF LAFOURCHE
Component Unit of the Lafourche Parish Government
Thibodaux, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 2011

The Governmental Accounting Standards Board (GASB) statements provide guidelines in determining whether certain organizations are component units. An objective of Statement No. 14, The Financial Reporting Entity, is that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. Statement 39 amends Statement 14 to provide additional guidance to determine whether certain organizations for which the primary government is not financially accountable should be reported as component units based upon the nature and significance of their relationship with the primary government. Generally, it requires reporting, as a component unit, an organization that raises and holds economic resources for the direct benefit of a governmental unit. Organizations that are legally separate, tax-exempt entities and that meet all of the following criteria should be discretely presented as component units. These criteria are:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the District, its component units, or its constituents.
2. The District, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
3. The economic resources received or held by an *individual organization* that the District, or its component units, is entitled to, or has the ability to otherwise access, are significant to the District.

Based on the previous criteria, the District has determined that it has no component units.

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The statement of net assets and statement of activities display information about the reporting government as a whole. They include the fund of the reporting entity, which is considered to be a governmental activity. The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients for goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

FIRE PROTECTION DISTRICT NO. 7 OF THE PARISH OF LAFOURCHE
Component Unit of the Lafourche Parish Government
Thibodaux, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 2011

Fund Financial Statements (FFS)

The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The fund of the District is classified as a governmental fund. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the entity or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The major fund of the District is described below:

Governmental Fund -

General Fund

The General Fund is the principal fund of the District and is used to account for the operations of the District's office. General revenues are accounted for in this fund. General operating expenditures are paid from this fund.

C. Measurement Focus / Basis of Accounting

Measurement Focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide statement of net assets and the statement of activities, governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery) and financial position. All assets and liabilities (whether current or noncurrent) associated with its activities are reported.

FIRE PROTECTION DISTRICT NO. 7 OF THE PARISH OF LAFOURCHE
Component Unit of the Lafourche Parish Government
Thibodaux, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 2011

Government-wide fund equity is classified as net assets. In the fund financial statements, the "current financial resources" measurement focus is used. Only current financial assets and liabilities are generally included on its balance sheet. Their operating statement presents sources and uses of available spendable financial resources during a given period. This fund uses fund balance as its measure of available spendable financial resources at the end of the period.

Basis of Accounting

In the government-wide statement of net assets and statement of activities, the governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Ad valorem taxes are recognized as revenue when they become both measurable and available to pay current expenditures.

All other revenues are recorded when measurable and available.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Reconciliation of FFS to GWFS

The reconciliation of the items reflected in the adjustments columns on the Statement of Activities (Schedule B) and the Statement of Net Assets (Schedule A) are as follows:

Schedule B	
Capitalization of capital assets	\$ (7,074)
Recording donated equipment	(6,700)
Recording depreciation expense	54,286
Recording interest expense	4,286
Recording long term debt activity	<u>(26,871)</u>
Net effect of changes	<u>\$ 17,927</u>

FIRE PROTECTION DISTRICT NO. 7 OF THE PARISH OF LAFOURCHE
Component Unit of the Lafourche Parish Government
Thibodaux, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 2011

Schedule A

Recording net capital assets	\$ 527,252
Recording of accumulated depreciation	(297,018)
Recording of long term debt	(78,679)
Invested in capital assets, net	(151,555)
Recording accrued interest	(2,357)
Fund Balance	<u>(15,570)</u>
Net effect of changes	<u>\$ (17,927)</u>

E. Budgets and Budgetary Accounting

As required by the Louisiana Revised Statutes 39:1303, the Board of Commissioners is required to adopt a budget for the Fire District's General fund. The Board, as allowed by state law, does not have to obtain public participation in the budgetary process. Any amendment involving the transfer of monies from one function to another or increases in expenditures must be approved by the Board. All budgeted amounts which are not expended, or obligated through contracts, lapse at year-end.

The General Fund budget is adopted on a basis materially consistent with generally accepted accounting principles.

F. Encumbrances

The district does not use encumbrance accounting.

G. Cash and cash equivalents

Cash includes amounts in demand deposits and interest-bearing demand deposits. Cash equivalents also include amounts in time deposits and those other investments with original maturities of 90 days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

H. Inventories

Physical inventories consist of expendable supplies held for consumption. Because inventories are expended within one operating cycle they are recorded as expenditures when paid for and are not recorded as an inventory asset.

FIRE PROTECTION DISTRICT NO. 7 OF THE PARISH OF LAFOURCHE
Component Unit of the Lafourche Parish Government
Thibodaux, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 2011

I. Capital assets

Capital assets are capitalized at historical cost or estimated cost (the extent to which fixed asset costs have been estimated and the methods of estimation should be disclosed) if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of \$1,000 or more for capitalizing capital assets.

Capital assets are recorded in the Statement of Net Assets and Statement of Activities. Since surplus assets are disposed of or sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

Description	Estimated Life
Building & improvements	10-40
Equipment	5
Fire Trucks & units	5-15

J. Equity Classifications

In the government-wide statements, equity is classified as net assets and displayed in three components:

- a. Invested in capital assets — Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets — Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets — All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

In the fund statements, governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned and unassigned.

FIRE PROTECTION DISTRICT NO. 7 OF THE PARISH OF LAFOURCHE
Component Unit of the Lafourche Parish Government
Thibodaux, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 2011

K. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

L. Subsequent Events

The subsequent events of the organization were evaluated through the date of the financial statements were available to be issued (February 7, 2012).

NOTE 2. LEVIED TAXES

Ad valorem taxes are levied on the assessed value listed as of the prior January 1 for all real property, merchandise and moveable property located in the Parish. Assessed values are established by the Lafourche Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. A reevaluation of all real property is required to be completed no less than every four years. Taxes are due and payable December 31st with interest being charged on payments after January 1st. Taxes can be paid through the tax sale date, which is the last Wednesday in June. Properties for which the taxes have not been paid are sold for the amount of the taxes. The district is authorized levy a maximum of 15 mills for ad valorem tax. The tax rate for the year ended December 31, 2011, which is the 2010 tax roll, was 12.69 mills per \$1,000 of assessed valuation on property within the District's area for the purpose of maintaining and operating the District.

NOTE 3. CASH AND CASH EQUIVALENTS

At December 31, 2011, the District has cash (book balances) totaling \$ 67,448 as follows:

Cash & Equivalents	Cost	Fair Value	APY	Maturity	Credit Risk Category
Fire District #7:					
Checking - Operating	\$ 31,618	\$ 31,618	N/A	Demand	Category 1
Checking - Capital Improvements	\$ 35,830	\$ 35,830	N/A	Demand	Category 1
Total Cash	<u>\$ 67,448</u>	<u>\$ 67,448</u>			

FIRE PROTECTION DISTRICT NO. 7 OF THE PARISH OF LAFOURCHE
Component Unit of the Lafourche Parish Government
Thibodaux, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 2011

These deposits are stated at cost, which approximate market. Under state law, this deposit (or resulting bank balance) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

At December 31, 2011, the District had \$68,328 in deposits (bank balances), respectively. These deposits were secured from risk by federal deposit insurance.

NOTE 4. CHANGES IN CAPITAL ASSETS

A summary of changes in general fixed assets follows:

	<u>12/31/2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/2011</u>
Equipment	178,697.30	13,773.72	-0-	192,471.02
Fire vehicles & units	334,780.67	-0-	-0-	334,780.67
Total capital assets	<u>\$ 513,477.97</u>	<u>\$ 13,773.72</u>	<u>\$ -0-</u>	<u>\$ 527,251.69</u>
Less accumulated depreciation for:				
Equipment	(76,884.23)	(32,276.94)	-0-	(109,161.20)
Fire vehicles & units	(165,847.47)	(22,009.37)	-0-	(187,856.80)
Total accumulated depreciation	<u>\$(242,731.70)</u>	<u>\$ (54,286.31)</u>	<u>\$ -0-</u>	<u>\$(297,018.00)</u>
Total capital assets, net of depreciation	<u>\$ 270,746.27</u>	<u>\$ (40,512.59)</u>	<u>\$ -0-</u>	<u>\$ 230,233.69</u>

NOTE 5. LONG-TERM OBLIGATIONS

The District has an outstanding loan for the purchase of a new pumper. The annual interest rate is 4.75% with annual installments of \$18,038. Debt service required for the upcoming fiscal year is \$14,698.26 and \$3,339.58, principal and interest, respectively. The note matures June 2015.

FIRE PROTECTION DISTRICT NO. 7 OF THE PARISH OF LAFOURCHE
Component Unit of the Lafourche Parish Government
Thibodaux, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 2011

The District has an outstanding loan for the purchase of 10 Viking Air Packs. The annual interest rate is 6.95% with annual installments of 8,891. Debt service required for the upcoming fiscal year is \$8,313.65 and \$577.79, principal and interest, respectively. The note matures March 2012.

The following is a summary of the long-term obligation transactions during the year:

	12/31/2010	Additions	Principal paid	12/31/2011
Notes payable	\$ 100,425	\$ -	\$ (21,746)	\$ 78,679

All principal and interest requirements are funded in accordance with Louisiana law by the general revenues of the District. The amounts due on debt for the next five years are as follows:

Year ending December 31,	Principal	Interest	Total
2012	23,012	3,917	26,929
2013	15,396	2,642	18,038
2014	16,128	1,910	18,038
2015	24,143	1,144	25,287
	<u>\$ 78,679</u>	<u>\$ 9,613</u>	<u>\$ 88,292</u>

The District had no short-term debt during the fiscal year ended December 31, 2011.

NOTE 6. COMPENSATION OF BOARD MEMBERS

The District did not pay per diem to any of its Board Members during the year ended December 31, 2011.

NOTE 7. LITIGATION AND CLAIMS

At December 31, 2011, the District had no litigation or claims pending.

**FIRE PROTECTION DISTRICT NO. 7 OF LAFOURCHE PARISH
LAFOURCHE PARISH**

**Budgetary Comparison Schedule
General Fund - GAAP Basis
For the Year ended December 31, 2011**

	<u>Budget</u>	<u>Actual</u>	<u>Variance - favorable (unfavorable)</u>
Revenues:			
Ad valorem taxes	\$ 78,000	\$ 85,312	\$ 7,312
Grants	14,000	14,000	-
Fire insurance rebate	4,500	6,306	1,806
Miscellaneous income	-	40	40
	<u>96,500</u>	<u>\$ 105,659</u>	<u>\$ 9,159</u>
Total revenues			
Expenditures:			
Accounting fees	1,000	\$ 895	\$ 105
Conventions & meetings	5,000	2,966	2,034
Fire fighting equipment & supplies	7,500	5,602	1,898
Fuel	-	988	(988)
Insurance	15,100	15,052	48
Miscellaneous	-	-	-
Office expenses	1,900	776	1,124
Permits	500	119	381
Repairs & maintenance	12,500	14,117	(1,617)
Utilities	8,800	7,814	986
Yard Work	-	1,050	(1,050)
Capital outlay	17,200	7,074	10,126
Debt service	27,000	26,871	
Total expenditures	\$ 96,500	\$ 83,322	\$ 13,049
Excess (deficiency) of revenues over expenditures	-	22,336	22,207
Fund balance, beginning	<u>not budgeted</u>	<u>45,112</u>	
Fund balance, ending	<u>not budgeted</u>	<u>\$ 67,448</u>	

See accountant's compilation report and accompanying notes.